



Department of Financial Institutions

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FOR IMMEDIATE RELEASE:

DFI NEGOTIATES SETTLEMENT BENEFITING ALL COLUMBIA MEMBERS

OLYMPIA – In an effort to promote fairness and avoid the expense, delay, and uncertainty associated with an enforcement action, the Washington State Department of Financial Institutions (DFI) announced today that it has reached a settlement agreement with Columbia Community Credit Union (Columbia). During days of discussions, the Department worked to negotiate an evenhanded settlement that is fair to the credit union's approximately 60,000 members. The agreement includes sweeping changes in the way Columbia will fill four vacant board seats at the upcoming annual meeting. Earlier in the week, DFI held back from issuing a statement of charges to enforce the petitioning group's request for a Special Membership Meeting to unseat all board members. Nevertheless, the agreement notes DFI's position that the petition is valid.

"Our goal in this process was to achieve a settlement that benefits all members of the credit union – not just the Board or the petitioning group," said DFI Director, Helen Howell. "We have devoted many staff hours to reaching a fair resolution. In the end, we are pleased that we could facilitate an agreement that will allow the membership to be heard at Columbia's upcoming annual meeting."

Despite encouragement by DFI, the petitioning group, Save CCU, and Columbia were unable to resolve their differences. However, the DFI settlement agreement in no way limits the petitioning group's ability to take legal action.

By signing DFI's settlement, Columbia has agreed to postpone the March 17 annual meeting to Tuesday, April 27, 2004 at 7 PM. The agreement states that the meeting must be held in a convenient and accessible facility that is adequate in size to accommodate all members in attendance. An independent parliamentarian,

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chosen by Columbia from a list of qualified candidates identified by DFI, will preside over the annual meeting. In an effort to protect the interests of the entire membership, a secret ballot will be used and then counted by an independent vote tabulator.

The agreement was crafted to create an equal opportunity in the board's election process for both the incumbent board members and any newly nominated candidates. Changes in the way the 2004 election will be held include that so long as a prospective nominee meets the eligibility requirements in the bylaws for serving as a director, s/he will be included on the election ballot. In other words, the nominating committee will not reject candidates requested by the membership at large, including Save CCU.

To promote impartiality, the contestants will be listed on the ballot in alphabetical order, and each nominee will have the opportunity to provide a 500-word statement in support of his/her candidacy that will be mailed as an insert with the ballot. The agreement requires Columbia to distribute all written materials including the annual meeting notice, biographical statements, supporting statements, and ballots to all members prior to the 2004 Annual Meeting.

Another important departure from Columbia's traditional election process is the distribution of campaign materials by Columbia for all candidates. Separate from the biographical and supporting statements, each contestant is limited to one submission of campaign materials – not exceeding two, 8 ½" x 11" pages. The campaign materials are to be received by Columbia by March 15, and will be mailed to members prior to the election.

Columbia will restore its Bylaws to their status as of November 2003 (eliminating January 2004 amendments by the Board which would have granted them the authority to expand the size of the board, and would have allowed them to develop procedural rules to be applied at meetings instead of the traditional Roberts Rules of Order). The agreement also provides that the Bylaws cannot be amended without DFI approval until after the Annual Meeting in 2005, or conversion by Columbia to another form of charter.

"In the State of Washington, we have a good relationship with our Credit Unions," commented Linda Jekel, Director of the Division of Credit Unions. "In this situation, finding a remedy that was advantageous to the entire membership was a long and complex process. We appreciate Columbia's ability to work with the Department and look forward to helping them continue their growth well into the future."